

## REIMBURSEMENT AGREEMENT

THIS AGREEMENT entered into this 16<sup>th</sup> day of September, 2002 by and between the CITY OF TALLAHASSEE ("CITY") and FRINGE BENEFITS MANAGEMENT COMPANY ("FBMC"), a Florida corporation.

WHEREAS, the creation of new employment opportunities for residents of the City of Tallahassee and the increased tax revenues resulting from expansion of businesses within the corporate limits of the City is beneficial to the local economy; and,

WHEREAS, the City Commission has approved a Targeted Business Pilot Program ("TBPP") intended to induce economically viable and environmentally sustainable business growth, to reward certain businesses that diversify the local economy and create value-added jobs, that locate in designated target areas, that build environmentally sensitive projects, that do business with other local businesses, and that are good corporate citizens; and,

WHEREAS, FBMC has submitted a preliminary application for incentives under the TBPP stating that it has relocated its business to Sessions Road, within the corporate limits of the City (the "Property"), has developed the Property in a manner that exceeds minimal standards for environmental sensitivity, plans to hire 19 new full time, permanent employees (for a total of 208 employees), will invest over \$5 million in construction and equipment costs associated with development of the Property, will pay an average salary for the new positions that is above the average salary for Leon County (with more than 20% of those new positions being paid salaries which equal or exceed the average salary for Leon County), will purchase at least 25% of its major supplies from local providers, and will continue to demonstrate good corporate citizenship.

WHEREAS, the CITY on the 24th day of April, 2002 authorized and approved the preliminary application for incentives submitted by FBMC; and

WHEREAS, in order to actually receive these incentives, FBMC must meet certain performance requirements.

NOW, THEREFORE, in consideration of the following mutual covenants and promises and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, , it is agreed as follows:

**1. Development Fees**

At any time between April 29, 2003 (one year after receipt of the Certificate of Occupancy for the subject project) and April 29, 2005, FBMC may submit an application for reimbursement under the TBPP ("Reimbursement Application") for reimbursement of up to 60% of the eligible development fees previously paid to the CITY. If the fees for this development were paid by an entity other than FBMC, the Reimbursement Application shall include a release from that entity for reimbursement to FBMC.

**2. Ad Valorem Taxes**

FBMC may submit a Reimbursement Application for reimbursement of up to 60% of the ad valorem taxes assessed by the CITY against the Property and paid by FBMC for calendar years 2003 through 2008. Each Reimbursement Application must be filed no earlier than April 1 of the calendar year following the year for which such taxes were assessed and no later than three calendar years after the date of actual payment of such taxes by FBMC.

**3. Submission of Reimbursement Applications**

Unless otherwise specifically stated, each Reimbursement Application shall be submitted on a form provided by the CITY and shall be submitted to the Economic Development Office of the CITY.

**4. Review of Reimbursement Applications**

In order to receive reimbursement, FBMC, in each Reimbursement Application submitted to the CITY, shall verify that it met the performance criteria necessary to achieve a minimal score of 40 points under the Business Profile Scoring System set forth in the TBPP Policies and Procedures attached as Exhibit "A" hereto, and which are by reference incorporated herein. A committee established by the CITY shall review each Reimbursement Application and shall make the final determination as to the scoring of each such Application and the actual amount of reimbursement

to be received by FBMC (subject to the limitations set forth in paragraphs 1 and 2 above), based on reported performance and the associated score.

**5. Changes:**

Any material change or other modification to this AGREEMENT is subject to mutual agreement of the parties hereto and shall not take effect unless set forth in writing, and signed by all parties. Whether a change is considered to be material shall be determined at the sole discretion of the Assistant City Manager for Development and Transportation Services or his designee.

**6. Attorney's Fees**

Nothing in this AGREEMENT shall be construed to deny either party the right to seek what legal remedies are available to them, in law or in equity including, but not limited to court costs and attorney's fees as permitted by law, for bringing the action against the breaching party for non-compliance with covenants of this AGREEMENT.

**7. Contingent Fee**

FBMC warrants that no person or company has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for commission, percentage, brokerage, or contingent fee, excepting bona fide employees; nor has FBMC paid or agreed to pay any person, company, corporation, or firm other than an employee, any fee, commission, contribution, donation, percentage, gift or any other consideration contingent upon, or resulting from award of this AGREEMENT. For any breach or violation of this paragraph, the City, without liability and, at its discretion, may deduct from the compensation payable hereunder, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration and any other damages, and shall be responsible for reporting the details of such breach or violation to the proper legal authorities, where and when appropriate.

**8. Termination**

This AGREEMENT shall terminate if FBMC ceases to occupy the Property for a period of twelve consecutive months, or fails to pay ad valorem taxes prior to the sale of a tax certificate for the Property by Leon County.

FRINGE BENEFITS MANAGEMENT  
COMPANY

John Maxwell  
Witness as to FBMC  
Ann Riley  
Witness as to FBMC

By: Debra Tougas  
Debra TOUGAS  
(Type or print name and title of signatory)  
Chief Financial Officer

CITY OF TALLAHASSEE

Attest:  
Gary Hernon  
Gary Hernon  
City Treasurer-Clerk

By: Anita R. Favors  
Anita R. Favors  
City Manager

Approved as to form:  
Patrick J. [Signature]  
City Attorney

APPROVED BY CITY COMMISSION  
April 24, 2002

## **Exhibit A**

### **Application Procedures for Targeted Business Pilot Program\***

The Targeted Business Pilot Program is an initiative to induce business growth that is beneficial to the City of Tallahassee and Leon County. It is designed to help implement the City and County's long-term vision for economically viable and environmentally sustainable growth. This is a three-year pilot program which offers incentives to new and existing businesses that create value-added jobs within the City and County. The Program rewards businesses that locate in target areas designated for economic growth and development; that build environmentally sensitive projects; that do business with other local businesses; and that practice good corporate citizenship.

In order to qualify for this Program, businesses must be on the Target Industry List and must be proposing to locate or expand within Leon County.\* Businesses are then eligible for a certain amount of ad valorem tax and development fee reimbursements based on a Scoring System. All projects must receive approval from the City and County Commissions. The following procedures will be used for determining eligibility and amount of reimbursement:

#### **I. Preliminary Application**

- 1) Preliminary applications shall be filed with the City's Economic Development Department at any time prior to receipt of a Certificate of Occupancy for a new building or expansion, and then sent to the Economic Development Council (EDC).
- 2) A preliminary application may be filed prior to receiving site plan approval. However, points for Environmental Sensitivity will not be determined until after the site plan is approved.
- 3) The EDC shall determine if the business is one of those on the Target Industry List. If so, they will notify the City's Economic Development Department, and copies of the application will be sent to Growth Management, Planning, Accounting Services, the Treasurer-Clerk and the County Administrator. The EDC shall also prepare an economic impact analysis to determine whether the project shows a return on investment to the community.
- 4) A Committee made up of the President of the EDC, the Directors of Economic Development, Growth Management, Accounting Services, and Planning, the Treasurer-Clerk and the County Administrator, or their designees, shall meet within 30 days of receipt of the notification from the EDC. The Committee may make a recommendation at this time or may ask for any additional information it determines is needed. If additional information is requested, the Committee shall reconvene within 30 days of receipt of the additional information.

\*These procedures are for projects with the City Limits of the City of Tallahassee. For projects outside the City Limits, the Leon County Administrator should be contacted.

- 5) Accounting Services shall review the audited financial statements and make a recommendation as to the financial strength of the company. The Planning Department shall be responsible for assuring that the project is proposed to be located within the City Limits, and determining whether it is located within the Southern Strategy Area and/or the Central City Area; the Growth Management Department shall assess the Environmental Sensitivity.
- 6) Economic Development, in coordination with the EDC, shall be responsible for verifying the projected Number of Employees, Salary Levels, Capital Investment, and Local Business Promotion. The number of new employees shall include those hired after the date permits are obtained, provided they are due to the new building or expansion.
- 7) The Committee as a whole shall make a recommendation concerning projected Good Corporate Citizenship.
- 8) The Committee will make a recommendation to the City Commission and the County Commission at the next available Commission meetings. The City Commission and the County Commission, individually, will make the final determination as to eligibility, and preliminary approval of scoring, percentage of development fee reimbursement, percentage of tax reimbursement, and length of tax reimbursement.
- 9) Following Commission approval, a Reimbursement Agreement will be written specifying the fees, percentage of ad valorem taxes, and number of years for which reimbursement can be requested. In the event that a project is approved by one Commission but not the other, the Reimbursement Agreement shall be between the Applicant and that local government. If approval is from the County only, see the County Administrator for reimbursement procedures.

## II. Reimbursement Application

- 10) Once the building or expansion has been open for at least 12 months, an Applicant that has an approved Reimbursement Agreement with the City may file an application for reimbursement of development fees paid for construction of the building or expansion. An Applicant may file an application for reimbursement of ad valorem taxes at any time after April 1<sup>st</sup> of the year after ad valorem taxes have been paid on the property where the new building or expansion is located. Each application shall include verification of the number of employees working at the new business or expanded business for the past year, the annualized salary levels of these employees, the capital investment made, the local business promotion for the past year, and the good corporate citizenship for the past year.
- 11) Reimbursement applications shall be filed with the City's Economic Development Department and shall be reviewed and approved by the Committee following the same process described above for preliminary applications, except that reimbursement applications do not need approval of the City or County Commissions.

The development fees shall not include reimbursement of any charges related to utilities system fees (i.e.- water and sewer tap fees). A list of eligible fees is attached.

- 12) The development fees to be reimbursed shall be paid in lump sum following approval by the Committee. If the number of new jobs are to be phased in over several years, an Applicant may request reimbursement of the percentage of development fees applicable to the new employee positions created during each past year or the Applicant may request one reimbursement after the creation of all new jobs.
- 13) Reimbursement of ad valorem taxes for the previous year may be requested after April 1<sup>st</sup> of each year for the number of years authorized by the City and County Commissions.
- 14) The Office of Budget and Policy will be responsible for assuring that the City fees and taxes for which the Applicant can request reimbursement are set aside in the accounting system. The Applicant will have three years either from the date of the first Certificate of Occupancy, or the date of the specific payment for which reimbursement is requested, whichever is later, to show that they have met the qualifications for that reimbursement. If the Applicant has not met the qualifications within this three year period the applicable account shall be closed.
- 15) The Economic Development Department shall be responsible for the processing of City reimbursements following approval by the Committee.

#### Approximate Timeline—Preliminary Application

- 1) Applicant files Preliminary Application.....Day 1
- 2) EDC determines it is a Target Industry.....About Day 7
- 3) Committee meets and makes recommendation.....Day 10-37
- 4) Commission approves Preliminary Application.....About Day 45-60

#### Approximate Timeline-Reimbursement Application

- 1) Building or expansion opens
- 2) New development is added to tax rolls.....The following January 1st
- 3) Applicant files Reimbursement Application for.....After 12 months of opening, but  
development fees.....no later than 3 years of opening
- 4) Applicant pays ad valorem taxes.....Nov. thru Mar. after 2), above
- 5) Applicant files Reimbursement Application for ad...The April after 4), above, but no  
valorem taxes.....later than 3 years of payment
- 6) Committee determines amount of reimbursement Within 30 days of complete  
application

# City of Tallahassee/Leon County Targeted Business Pilot Program Business Profile Scoring System

<u>Option A (New Business):</u>	<u>Points—Max 25</u>	<u>Option B:</u>
<u>Number of Employees (w/i 3 years)</u>		<u>Existing Business Expansion</u>
10-20	10	10% increase in employees
21-60	15	15% increase in employees
61-99	20	20% increase in employees
100 and up	25	25% increase in employees

<u>Salary Levels</u>	<u>Points—Max 25</u>
20% or less of new jobs at or above area average (\$27,143*)	0

More than 20% of new jobs at or above area average and  
the average salary of the new jobs is:

Below Area Average (\$27,143*)	0
Average to 25% above average (to \$33,929*)	10
25% to 50% Above Average (to \$40,715*)	15
50% to 100% Above Average (to \$54,286*)	20
100% Above Average (\$54,286* and above)	25

<u>Capital Investment</u>	<u>Points—Max 15</u>
0-\$1,000,000	5
\$1,000,001-\$5,000,000	10
\$5,000,001 and up	15

<u>Location</u>	<u>Points—Max 10</u>
Within Southern Strategy Area	10
Within Central City Area	10

<u>Environmental Sensitivity</u>	<u>Points—Max 10</u>
<u>Option A: New Construction</u>	

Urban forest protection above minimum	2
Preservation of significant grades above min.	2
Canopy coverage above minimum	2
Tree preservation	2
Exceed minimum pervious surface	2

**OR:**

<u>Option B: Redevelopment</u>	
Exceeds Redevelopment Code	10 (maximum)

\*This figure will change annually based on area average data provided by Enterprise Florida.



<b><u>Local Business Promotion</u></b>	<b><u>Points—Max 10</u></b>
25% of Major Supplies are Local	5
10% of Goods & Services from Certified MBE's	2.5
10% of Construction Contractor from Certified MBE's	2.5
<b><u>Good Corporate Citizenship</u></b>	<b><u>Points—Max 5</u></b>
Supports community charities/Community Svc.	2.5
Encourages employee volunteerism	2.5
<b>Maximum Possible Points:</b>	<b>100</b>

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### **Inducement Period**

<b><u>Total Points</u></b>	<b><u>Percentage of Inducement</u></b>	<b><u>*Length of Inducement (Ad Valorem taxes only)</u></b>
40 to 49 points	50% exemption	5 years
50 to 59 points	60% exemption	6 years
60 to 69 points	70% exemption	7 years
70 to 79 points	80% exemption	8 years
80 to 89 points	90% exemption	9 years
90 to 100 points	100% exemption	10 years

\*An amount equal to the ad valorem taxes will be paid by city, and matched by the county, to the business over a period of five to ten years. An amount equal to the appropriate development fees will be paid in lump sum.